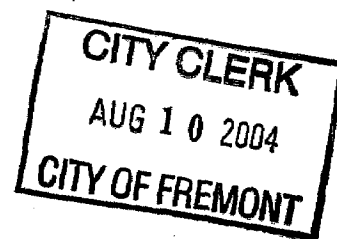


Measure V
City of Fremont – Utility Users Tax
City Attorney's Impartial Analysis



Measure V seeks voter approval of a Utility Users Tax Ordinance at a rate of no greater than 6% of utility charges for the following types of utilities: telephone (wired and wireless), electricity, natural gas, water, sewer, and video (e.g., cable television). If the 6% maximum tax rate is approved by the voters, the Ordinance authorizes the City Council to reduce the tax rate for particular classes of taxpayers (such as low income taxpayers, or particular classes of businesses), or to reduce the tax rate for particular types of utilities. The Ordinance also requires the Council to review the tax revenues on an annual basis to determine whether to modify any such tax rate reductions.

Approval of Measure V also provides for the establishment of an independent Fremont taxpayers committee (the "Utility Users Taxpayers Oversight Committee") to review the amounts of revenue generated by the tax, review how the revenue is used by the City, and make recommendations to the City Council regarding the use of the tax revenues and the establishment of reductions to the tax.

If Measure V is approved by a majority of the voters, the revenue generated by the Ordinance will be placed in the City's General Fund and used for the general governmental purposes of the City, which include essential services such as police, fire, and street and park maintenance.

In general, the Ordinance provides for the tax to be paid as a part of regular utility bills. However, the Ordinance also provides an option of paying the tax directly to the City, for direct purchasers of electricity, natural gas, or water. The Ordinance specifies penalties and interest on delinquent tax payments, appeal procedures for resolution of disputed taxes, and refund procedures for overpaid taxes.

The City's Finance Director is authorized to enforce the Ordinance, and to issue administrative regulations consistent with the Ordinance. Administrative regulations may be issued in order to interpret and clarify the Ordinance, and to address changes in a utility's billing methods, or to address changes in state or federal law. For example, if federal law (which currently prohibits taxation of satellite television) changed, an Administrative regulation could be issued to allow a utility users tax on satellite television (as a "video" service).

The Ordinance was introduced by the City Council on July 13, 2004, and adopted by the City Council on July 27, 2004, subject to voter approval.

The above statement is an impartial analysis of Measure V, and the proposed Utility Users Tax Ordinance No. 26-2004. The definition of each utility service, and a description of how the tax is calculated and collected, is more particularly described in the Ordinance. If you desire a copy of the Ordinance, you may contact the City Clerk's

Office (at: 3300 Capitol Avenue, Bldg. A, Fremont, California 94538; phone: (510)284-4060; or e-mail: cclerk@ci.fremont.ca.us), and a copy will be mailed at no cost to you.

Harvey E. Levine
City Attorney